



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8

999 16TH STREET - SUITE 300

DENVER, CO 80202-2466

<http://www.epa.gov/region08>

AUG 15 2001

Ref: 8ENF-T

Mr. Samuel B. Greene P.E.
Corporate Air Quality Engineer
Sinclair Oil Corporation
P. O. Box 30825
Salt Lake City, Utah 84130-0825

Re: Self-Disclosure Opportunity Concerning
Compliance with MACT Subpart R

Dear Mr. Greene:

The purpose of this letter is to invite Sinclair Oil Corporation (Sinclair) to self-disclose any violations, at any of the company's gasoline loading racks and pipe line breakout station facilities, of the Clean Air Act Maximum Achievable Control Technology (MACT) requirements of 40 C.F.R. Part 63, Subpart R. Our MACT enforcement experience indicates that some gasoline loading racks and pipe line breakout stations may not have correctly performance tested their enclosed vapor combustion units (e.g., John Zink Vapor Combustion Units) and, therefore, have not monitored temperature as the required operating parameter. Receipt of this letter does not necessarily indicate that we have specific information that your facilities are not in compliance, and whether you decide to audit and disclose under the EPA's Audit Policy (Incentives for Self-Policing: Disclosure, Correction and Prevention of Violations, Apr. 11, 2000), is purely elective.

EPA believes that voluntary audits play an important role in helping companies meet their obligation to comply with environmental laws. If you perform an environmental audit of your facilities and discover potential areas of noncompliance, you may want to consider taking advantage of EPA's Audit Policy. This policy eliminates or greatly reduces penalties for companies that promptly discover, disclose, and correct civil violations through voluntary



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audits. The policy generally applies to violations that are voluntarily discovered and disclosed.¹ To ensure you are in compliance with both federal and State regulations, you should contact your State environmental agency. EPA will coordinate with your State program, where applicable.

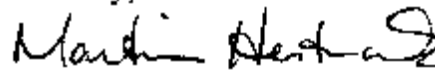
In order to take advantage of the benefits of the EPA Audit Policy, and to ensure that all of your facilities are eligible for penalty mitigation, you may wish to perform an audit of your facilities nationwide. If you elect to conduct such an audit, then upon completion of the audit, and within the 21- day disclosure period required by the Policy, Sinclair will need to identify and disclose to EPA in writing which facilities utilize enclosed vapor combustion units and at which of these facilities temperature has been established as the monitored operating parameter.

After review of your self-disclosure, EPA will determine what penalties, if any, you would be required to pay. As noted in the Audit Policy, EPA retains the discretion to collect any economic benefit that may have been realized as a result of noncompliance. The penalty amount that is assessed will be based on the avoided or delayed costs of compliance with environmental requirements. We believe that this is necessary to ensure that companies do not gain an economic advantage over their competitors by delaying investment in compliance.²

Finally, please note that any agreement between EPA and Sinclair does not preclude the exercise of State authority, including enforcement actions. EPA will consult with State officials to try to avoid duplicative settlement activity.

Please respond within 30 days of your receipt of this letter and indicate in writing whether Sinclair intends to audit its gasoline loading racks and pipeline breakout stations for compliance with MACT Subpart R and disclose any violations under the EPA Audit Policy. If you have any questions, please call Art Palomares at 303-312-6358 or David Rochlin at 303-312-6892.

Sincerely,



Martin Hestmark, Director
Technical Enforcement Program

¹ The policy does not apply to violations that are identified through a monitoring, sampling, or auditing procedure that is required by statute, regulation, permit, judicial or administrative order, or consent agreement.

² In limited circumstances, EPA may elect to waive the penalty altogether if the Agency determines that the amount of economic benefit gained is insignificant. For example, in cases where the violations are relatively minor and/or relatively short in duration, EPA is more likely to exercise such discretion.

Enclosure

Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations

cc: Dan Olson, Administrator (w/o enclosure)
Air Quality Division
Wyoming Department of Environmental Quality

Richard W. Sprott, Director (w/o enclosure)
Division of Air Quality
Utah Department of Environmental Quality